

### The capability approach in social policy analysis: yet another concept?

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**REC-WP 03/2010**



Working Papers on the Reconciliation of Work and Welfare in Europe

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# **The Capability Approach in social policy analysis.**

## **Yet another concept?**

Alexander Goerne



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**The Capability Approach in social policy analysis. Yet another concept?**

**REC-WP 03/2010**

Working Papers on the Reconciliation of Work and Welfare in Europe  
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## **About the author**

Alexander Goerne is a PhD candidate at the University of Edinburgh, working on unemployment protection reforms in Germany and the UK. He graduated from Freie Universität Berlin (Sociology) with a comparative analysis of in-work-poverty in Europe, where he investigated the influence of different institutional settings by using fuzzy-set analysis. His main research interests are theories and measurement of inequality, as well as comparative welfare regime research.

## **Abstract**

There is still some lack of clarity regarding the question of what the Capability Approach actually is, how it should be interpreted and operationalised, and not least whether it is an adequate and useful concept for the analysis of social policy in Europe. Against the backdrop of these questions, this paper looks at recent contributions which use the Capability Approach (CA) for analysing social policy. This leads me to argue that the most interesting applications of the CA may not lie in policy evaluation in the classical sense, but rather in an analysis of policy outputs through the lens of concepts such as individualisation and diversity. In this sense, the CA may serve as *normative foundation* for addressing the dependent variable problem in comparative welfare regime research. In order to play this role, however, CA-applications will need to clearly differentiate between the potential and implications of the CA itself, and various external normative reference points which should not be identified with the CA.

## **Keywords**

Capability Approach, Amartya Sen, Social Policy, Individualisation, Evaluation, Normative Research

## **Introduction: The Capability Approach in social policy analysis<sup>1</sup>**

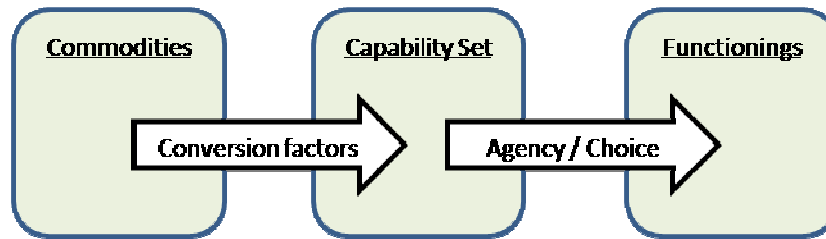
The Capability Approach (CA) is a set of ideas, concepts and methodological instructions which was developed mainly by Amartya Sen (e.g. Sen 1992; Sen 1999; Sen 2002), and subsequently other authors like Martha Nussbaum (e.g. Nussbaum & Glover 1995; Nussbaum & Sen 1993; Nussbaum 2003). Sen, an economist who in his discussions of Rawls and Townsend intensively engaged with and criticised philosophical theories of justice as well as measures of inequality, created a body of literature which was originally used mainly by development economists. Not least, it influenced the conceptualisation of the Human Development Index. In recent years, however, the concept has travelled and has been increasingly used for the analysis of social policy in economically advanced societies. It inspired the foundation of CAPRIGHT, a European research network dedicated to analysing social policy through the lens of the capabilities approach, and to a number of related publications.

However, there is still some lack of clarity regarding the question of what the CA actually is, how it should be interpreted and operationalised, and not least whether it is an adequate and useful concept for the analysis of social policy in Europe. This paper addresses these questions by examining some of the recent contributions, and concludes that the CA indeed has potential for analysing social policy in Europe. However, I argue that the most interesting applications of the CA may not lie in the currently pursued types of policy evaluation, but rather in an analysis of policy outputs through the lens of concepts such as individualisation and diversity. In this sense, the CA may serve as a normative foundation for addressing the dependent variable problem in comparative welfare regime research. Most importantly, however, in order to play such a positive role, CA-applications will need to clearly differentiate between the potential and implications of the CA itself, and various external normative reference points which should by no means be identified with the CA (although they can of course supplement it).

The paper is structured as follows. In the next section, I introduce the five conceptual building blocks of the CA. This is followed by a section investigating how, in some research examples, normative reference points are linked with these building blocks, and why this may be problematic. I then go on suggesting that a normative position which is implicitly given within the framework of the CA can serve as a justification for addressing questions of individualisation and diversity, and show that this may be of help for addressing the dependent variable problem in welfare and social policy analysis. Finally, I try to position and distinguish this approach from other CA-applications on an abstract level.

## The building blocks of the CA

The CA is made up of five conceptual building blocks: Commodities, Conversion Factors, Capabilities, Choices, and Functionings (see Illustration 1).



**Illustration 1:** The five building blocks of the Capability Approach

### Commodities

Commodities are the resources the individuals can dispose of. Examples are money, or other material goods – a bicycle, a television, etc. Less material goods such as skills or habitual behaviour could also be conceived of as commodities. Measuring possession and non-possession of commodities is the standard procedure for producing measurements of monetary poverty or of multiple deprivation (e.g. Townsend 1993; Pantazis et al. 2006). The CA criticises the assessment of individual level outcomes based on *commodities* as “resourcist” and argues for measuring functionings instead of commodities.

### Functionings

Functionings are what people really “do and are” and are considered a concept superior to commodities. This perspective is based on the view that individuals are fundamentally diverse, and that there are personal, environmental and social conditions which are the reasons for this fundamental diversity. In other words: because humans are not all the same, they require different (in terms of quantity as well as quality) commodities to achieve the same functionings. Measuring whether an individual is below 60% of median income, or whether an individual possesses a specific number of material items, does not necessarily allow one to reach conclusions about the individual’s well-being state.

### Capability set

A capability set contains an individual’s capabilities. Where functionings refer to what people really “do and are”, capabilities denote what people really “can do and can be”. Functionings, then, are a subset of the capability set. They are the materialised options or life chances of an individual. This conceptual distinction is based on the assumption that certain functionings are mutually exclusive, and that individuals (have to) exert choice.



The potential transformation of commodities into functionings is mediated by the social structures in place. Within the CA, these structures are dealt with under the heading of conversion factors, and, occasionally, in discussions of choice / agency.

### **Conversion factors**

Conversion factors form the personal, environmental and social conditions of each individual existence. In the original approach as developed by Sen (Sen 1993; Robeyns 2005b), conversion factors are basically social structures in the widest possible sense. Sen's standard example is the bicycle (a commodity) which is useful only if accompanied by the respective infrastructure, e.g. a bikeway (a conversion factor). Closer to the field of social policy, one could interpret certain acquired skills as a commodity, which are useful only if accompanied by respective labour market structures which help turn these skills into outcomes. Being qualified as a typesetter was useful in 1960, but not any more in 2010 when computers have replaced the traditional way of typesetting. A nursing degree acquired in India may have been recognised by British authorities between 2001 and 2003, but not in 2009. How other personal characteristics such as intelligence or disability can be converted into functionings is also dependent on a set of institutional arrangements. Conversion factors are the place within the capability-approach to take into account all these structural effects which determine what and how commodities can be turned into functionings<sup>2</sup>.

### **Agency / Choice**

Whereas the analysis of conversion factors usually refers either to external structures of the social world in general, or, sometimes, to the relevant policies that shape the conditions under which individuals can (not) capitalise on their commodities, the question of **choice** refers more to internal limitations and the question of **agency**. Sen himself notes that capabilities are both "the person's ability to do the things in question taking everything into account (including external constraints as well as internal limitations)" (Sen 2002, p.586). Where agency has been conceptualised within the framework of the CA, this has often lead to (and ended with) rather abstract discussions of internal constraints – such as the lack of desire to attain certain functionings<sup>3</sup>. This problem is referred to as "adaptive preference formation" (Nussbaum 2001; Teschl & Comim 2005) and basically means that individuals living in situations of deprivation or oppression often adjust their expectations and aspirations downwards.<sup>4</sup>

## **The CA and the question of normative reference points**

These building blocks have been used in various and very diverse ways to analyse individual level outcomes in relation to social and public policies, and at the end of this paper I sketch three different types of CA-applications which can be distinguished.

One reason for the great diversity of CA-applications is certainly the fact that the CA has been combined with a large number of normative reference points. The

question of normative reference points is important, as CA-applications in the field of social policy are usually evaluative: they analyse policies with regards to the question whether they have (not) led to a number of normatively predefined goals. In the terminology of the CA, this means that they show (or assume) that a number of capabilities (or functionings) are important and valuable outcomes in a specific policy field, and then judge the policies (e.g. interventions into the conversion factors) with regards to their effect on individuals' ability to access these functionings. The fact that normative reference points are necessarily external to the CA framework is addressed by the following quote from Sen's recent book "The idea of justice":

*"Capability is, in fact, no more than a perspective in terms of which the advantages and disadvantages of a person can be reasonably assessed. (...) But neither justice, nor political or moral evaluation, can be concerned only with the overall opportunities and advantages of individuals in a society. The subject of fair process and a fair deal goes beyond individuals' overall advantages into other – especially procedural – concerns. And these concerns cannot be adequately addressed through concentrating only on capabilities."* (Sen 2009, p.296 f.)

In other words, the question of a normative definition of valuable capabilities has to rely on CA-external reference points and procedures. CA-applications in the area of social policy analysis have not fallen short of coming up with a diverse number of definitions of valuable capabilities. For the purpose of illustration, I will shortly describe three examples of recent social policy analyses which make use of the CA. This will show clearly that researchers engaged in analysing diverse policy fields come up with a great diversity of normative underpinnings.

The contributions by Lewis (2004) and Hobson et al. (2008) analyse well-being in relation to the field of work-family-balance. They propose that *caring* is an as equally valuable functioning as *labour-market participation*, and therefore conclude that care and the opportunity to freely choose between care and labour market participation are to be taken as a normative reference point.

The role of public employment services (PES) for the unemployed is the subject matter of the contributions by Bonvin and Farvaque (2006), Bonvin (2008) and the contributions of a special issue on activation policies and the capability approach (for an overview, see Bonvin & Orton 2009). The normative foundation of their analyses focuses on three functionings: *Voice*, i.e. the notion that benefit claimants are able to co-determine which services and benefits they can access; *Capacities*, i.e. the resources at hand for the employment service providers and which are crucial to enhancing the claimants' well-being states; *Choice*, i.e. that unemployed benefit claimants have as much choice as possible with regards to the various options they are offered by the employment service providers. Bonvin's normative starting point is his notion of "responsibility". Only if claimants are equipped with sufficient resources (if employment service providers have sufficient capacities) and if they have a real choice between various options, they can reach "responsible" decisions.

Salais (2003, p.327 ff), in his account of the CA, looks at the role of the state in labour market processes, and especially at the role of social assistance and unemployment benefits. He emphasises the *capability for work* and the development of a respective ideal-typical “capability world”. In this hypothetical ideal-type, *work* would be considered a collective agency (not an individual disutility), and the rationale for assistance would be to equip people with adequate means to achieve “freedoms” (not only to compensate for a loss).

The list of examples could easily be extended, but it is already evident that the diversity of normative reference points and definitions of what to consider a relevant and valuable functioning is immense.

Beyond defining which capabilities or functionings should be considered valuable, a second normative question needs to be answered for most CA-applications: is the goal *equality of capabilities*, or should the normative goal be rather to make sure that everybody is equipped with a number of *basic capabilities*? Many authors are unclear whether they are in favour of equal capabilities (which would require comprehensive regulation and redistribution) or in favour of basic capabilities (more in the vein of anti-poverty measures). Without going into further detail at this point, it should be noted that the question of equality vs. basic capabilities is another crucial normative decision, which, however, is not always discussed or justified sufficiently in writings on the CA<sup>5</sup>.

This short list of examples shows that despite some attempts to formulate comprehensive and authoritative capability lists (Nussbaum 2003; Robeyns 2005a; Vizard & Burchardt 2007), most scholars come up with their own definitions of valuable functionings, depending on the specific policy field under investigation. Although I do not see much virtue in following authoritative capabilities lists, I would like to address the question of whether the sheer diversity of normative reference points and definitions of valuable capabilities may constitute a problem for the theoretical unity of the approach. This problem may arise, as I will show, if scholars identify the CA itself with their (externally derived) normative standards.

Certainly each of the CA-applications can claim a number of good reasons and supporting background theories (e.g. responsibility, development, work-family-balance, etc.) why *their respective functioning(s)* should be considered valuable (e.g. choices for the unemployed, the existence of democratic institutions, options for caring instead of labour-market participation, etc.).

However, I argue that applications of the CA often fail to clearly spell out the *external* normative background justification for their choice of valuable functionings. To be precise, the problem is less that the normative justifications are not stated at all, but rather that they are justified with reference to the CA itself and not to CA-external reasoning. This can lead to the crucial importance of the selection process of valuable functionings being downplayed. A common rhetoric is to present results or recommendations “from a capability perspective”, suggesting that the use of the CA (i.e. the terminology of the five building blocks) itself would make certain conclusions necessary – although the findings depend as much on the chosen normative reference point. My contention about this rhetoric is that a necessarily

normative selection process of relevant functionings is presented as a merely neutral process of scientific reasoning. To consider fulfilment through work, for example, as a valuable functioning may make perfect sense. It is the author's choice, however, to do so – and not an obvious choice from the perspective of the CA. On the contrary, I suggest that e.g. the contribution by Salais (2003) draws relatively little on the five conceptual tools of the CA, and instead uses some the CA-terminology to put forward his own persuasion that work should be considered a utility, and that a specific type of work – fulfilling, qualified work – should be promoted. The CA terminology adds little value to the presentation of this persuasion. A similar remark applies to some of the contributions in the special issue edited by Bonvin and Orton (2009).

Although the above made comment may sound obvious to some, my observation is, however, that a number of studies indeed use the CA-terminology merely to put forward a particular, CA-external, normative stance. It is not always clear, then, whether the terminology of the CA is not complicating things rather than helping clarify matters. These problems need to be kept in mind when answering the question whether the CA can play a positive role in social policy analysis.

As Sen elaborates, the CA should actually be understood as *anything but* a normative theory of justice, but as a way of assessing individual human well-being. It is not a theory of justice (e.g. Robeyns 2005b; Sen 2009), and therefore doesn't define the key components of the good life on a societal level. Different from Nussbaum's approach (e.g. Nussbaum & Sen 1993; Nussbaum 2003), Sen and most proponents of the CA do not attempt to establish a list of indisputable capabilities which should be the key for all societies<sup>6</sup>.

The problem which I try to sketch here is not about whether the CA embraces the "right" CA-external normative positions – the few above mentioned examples indicate that the CA can and is (rightly) being used in conjuncture with various goals and normative underpinnings. The question should rather be whether the CA serves any purpose *beyond* the reformulation of CA-external normative positions. Is the CA more and something else than merely a new terminology for saying what we deem good and desirable? This leads me back to the above raised question: Does the diversity of normative underpinnings used in CA-analyses constitute a problem from the point of the CA? I do not think so – but only as long as the terminology of the CA is used for more than just paraphrasing (in a rather complicated way) the researcher's own normative reference points.

Beyond its contentious role as a normative justification for the selection of valuable functionings / capabilities, I argue that the CA is probably most valuable where it focuses on the concept of capabilities itself, be it in a negative form by showing why other forms of assessing individuals' well-being states are deficient. In other words, the CA may come into its own wherever it serves as a basis for questioning simple commodities measurements in inequality or well-being research (e.g. by referring to human diversity), or where it questions purely subjective measures of functionings (e.g. by referring to the phenomenon of adaptive preference formation).

So far, I have stressed the original intention of the CA and showed that its application does not always live up to this intention, leading to various problems, first and foremost confusion on behalf of the readers. In the following, I will attempt to devise another interpretation of the CA which leads me to sketch another possible – and in my view even more interesting – way of using the CA in social policy research.

The starting point is the following question: given that the selection of valuable capabilities and functionings appears to be a process which necessarily relies on CA-external normative reference points, the question arises whether the CA could still also be interpreted as a normative concept, and whether it could even serve as a normative foundation on its own. In order to answer this question, in the following section I will reconsider the meaning of the CA's five building blocks described above.

## Investigating Diversity and Individualisation

While some CA-applications wrongly identify their CA-external normative reference points with the CA itself, is this really because the CA is in itself an approach only concerned with the assessment of individuals' life chances, as is claimed by Sen? Is there no normative position implicit in the framework of the CA?

I am arguing that the CA could indeed be interpreted as a normative foundation for research questions, but will try to show that these may apply less to the selection of valuable outcomes (such as capabilities or functionings), but rather to the analysis of social policy outputs (such as the delivery of services).

### Individualisation as a result of the diversity of needs

The CA's stress on the distinction between commodities on the one hand and capabilities and functionings on the other is an explicit reminder that the distribution of resources is not a good indicator for assessing individual well-being states (or policies directed at influencing them). People who are different will require different amounts of resources in order to reach the same goal (regardless of how this goal is normatively derived). Policies directed at changing conversion factors equally should not be expected to be effective if they are designed in a one-size-fits-all fashion. One could therefore argue that the CA, by upholding the stress on human diversity, directs the attention to analysing policies *in terms of individualisation*. The CA is not primarily interested in investigating the question of how much resources are being spent in total but rather whether the resources are directed appropriately, taking the needs of the individual adequately into account.

### Diversity and plurality of choices

The second important distinction which is established in the five building blocks is between capabilities and functionings. This distinction directs the attention to the

fact that there is often more than one approach to deal with problems, and more than one functioning which potentially could be attained. This eventually requires questions of agency to be addressed, or in other words, the question of whether there are impediments to substantively free choices between different options. First and foremost, however, this requires the establishment of the *diversity of available options* itself.

Throughout this paper I have tried to uphold that the implications which unfold directly from the five building blocks of the CA should not be confused with those normative underpinnings which are derived from CA-external reasoning (and which may well be necessary, depending on the object of analysis and research strategy). However, as can be concluded from the above discussion, the five building blocks of the CA come with an *implicit normative stance*: the stress on human diversity, and the related emphasis on the concepts of diversity and individualisation, result in the implicit normative position that more individualisation and less standardisation is always better from the perspective of the CA.

The various contributions in the volume edited by Clasen and Siegel (2007) centre on the question of how changing welfare state outputs should be measured, and substantiate the claim that traditional analyses of aggregate spending may not reveal those dimensions of the welfare state which are changing the most. In response to this observation, a number of answers are presented, which do not aim to be understood as best or definite solutions to this “dependent variable problem”, but rather as suggestions for a plurality of new and possibly complementary indicators. Clasen & Clegg (2007) for example come up with the notion of conditionality, whereas Kvist (2007) constructs a multidimensional indicator for social citizenship. I suggest that these contributions could be valuably complemented by the insight which is at the heart of the CA, namely that individuals are diverse, and have diverse needs and aspirations. This would lead away from the measurement of averages, of commonly or generally accessed benefits or services. On the contrary, it would require breaking down the recipients of public services and benefits into sub-categories according to their different needs and risks, and address the question whether their different needs are met with differentiated, individualised policy responses – or whether standardisation and moves towards one-size-fits-all programmes are dominant developments within specific social policy areas.

This strategy can be expected to be especially useful either in areas where people with very different risks find themselves grouped into the same category, or, on the contrary, where a heterogeneous group of people with nevertheless similar risks are split up into different programmes and categories. Both situations apply for example to the way non-employed (as opposed to unemployed) people are categorised and treated in welfare states. Whereas a high degree of fragmentation (e.g. into incapacity benefit recipients, “normal” long-term unemployed and people in early retirement) often leads to very different policy responses for the different categories (despite possibly similar “barriers to work” across all categories), the contrary is also often true: within one category (e.g. the “normal” long-term unemployed) programmes are

often standardised and not able to address the considerable degree of diversity of needs.

The implicit normative position of the CA-perspective, then, would suggest that it is worthy investigating first and foremost the question of how *individualised* employment services are being delivered<sup>7</sup>, rather than primarily analysing their overall, average content, or the reciprocity requirements they come with<sup>8</sup>.

### Meta-analysis of CA-applications in social policy analysis

In the following I outline on a formal level how the questions of individualisation and diversity could be applied in social policy research. In order to better understand how this differs from other recent CA-applications, I classify CA-applications according to their level of analysis: whether they focus on the analysis of outputs, of processes, or of outcomes.

Level of analysis	Purpose	CA-external normative foundation	Examples
	<i>Key words</i>		
Outputs	Evaluation of policies  <i>Individualisation, Plurality of options</i>	No	Do policies take diversity of needs into account? To what kinds of (alternative) functionings do policies promote access? How much choice do individuals have between alternative functionings?
Outcomes	Assessing inequality.  <i>Capabilities, functionings</i>	Yes	Description of selected capabilities or functionings of individuals What is the range and quality of attained (or potentially attainable) valued functionings? What is the set of alternative functionings an individual does (or potentially can) attain?
Processes	Evaluation of policies.  <i>Effectiveness questions</i>	Yes	Do outputs translate into outcomes? Have policies promoted access to specific functionings? → Likely independent variables: do policies take into account diversity of needs, are they individualised?

**Table 1:** Schematic representation of different possible CA-applications

On an abstract level, I suggest that the kind of analysis which can draw from normative foundations implicit in the CA framework can be classified as *output-*

*analysis without a CA-external reference point.* In table 1, this option is represented in the first row.

The CA in this sense can be seen as a foundation for framing research questions about what is interesting, important or distinctive about policies and possibly even configurations of policies (regimes). Guided by the CA, one would ask whether the provision of state services is *individualised*, how much scope exists to take *diversity of needs* into consideration, to what kinds of (*alternative*) *functionings* access is being promoted, and possibly also how much *choice* individuals have between those alternative functionings. All these questions relate, strictly speaking, to social and public policy *outputs*. I suggest that the CA may most usefully be applied in this way.

The second row in table 1 represents another strategy, which is mainly concerned with using the CA for assessing individual well-being, or the social inequality thereof, for which the CA uses the concepts functionings and capabilities. As shown above, the emphasis on human diversity is at the root of the concept of *functionings*. If everybody had the same opportunities to capitalise on the possession of a certain number of material items, one could instead stick with the concept of commodities. In practice, the measurement of functionings will distinguish itself from the measurement of commodities by using more refined or complex indicators: for example, investigating job satisfaction is likely to be more important in this context than investigating employment status only. The second type of individual level outcome assessment which can be accommodated by the conceptual tools of the CA is the evaluation of *capability sets* (available choices), given a number of alternative functionings. This entails, strictly speaking, two questions: First of all, what kinds of alternative functionings are potentially attainable? And second: how many (real) choices do individuals have? Such analysis of capability sets can be a strategy for investigating situations where the assessment in terms of functionings does not tell the whole story. The investigation of capabilities is, however, more difficult than the assessment of functionings, as capabilities (the whole array of potential choices) is in principle unobservable. Whereas functionings are often analysed by means of quantitative data, it is therefore debatable whether the same is possible for the analysis of capabilities.

Examples of the attempt to analyse functionings (without direct relation to policies) are the contributions by Tania Burchard and Polly Vizard. While the empirical investigation remains yet to be carried out, their work gives an overview of the methodological challenges and potentials of using the CA for investigating inequality in the UK. Their main aim is to develop an authoritative list of functionings based on the human rights framework (Burchardt & Vizard 2007; Vizard & Burchardt 2007).

Beyond the question of measuring functionings, the contribution by Hobson et al. (2008) focuses on capabilities. They use a quantitative data set, the European Social Survey. To tackle the problem of unobservability, they analyse not only what choices people have taken, but also their aspirations (such as their preferred working hours, as opposed to their real working hours). The contribution of Zimmermann (2006), on the other hand, questions the potential of quantitative data and suggests



making more use of qualitative data for assessing the question of capabilities (a suggestion which yet has to be taken up).

While these approaches are mainly concerned with measuring functionings in a very comprehensive way, most other CA-applications surveyed for this paper focus on a small number of functionings (or capabilities) deemed relevant and important in their respective policy areas, and use these to evaluate policies. This option is described in the third row. These approaches, which could be classified as focussing on “processes”, are mainly concerned with policy evaluation in the classical sense of investigating the effectiveness of policies with respect to a set of pre-defined capabilities or functionings. They rely on substantive choices regarding what is considered to constitute a valuable capability (which, as has been argued above, needs to be derived through CA-external normative justification), and ideally focus on capabilities rather than functionings.

I suggest that this approach could be combined with the first approach sketched above, the “output”-oriented research strategy, where the questions which are addressed by the latter are being considered as potential independent variables: did the fact that certain policies do (not) take into account diversity of needs and a plurality of possible choices influenced the outcome (i.e. the existence of certain valued capabilities)?

Most applications of the CA in the field of social policy are policy evaluations, whose approach can be classified as the third variant of table 1. This is true for all of the contributions already mentioned above (Lewis 2004; Hobson et al. 2008; Bonvin & Farvaque 2007; Bonvin 2008; Bonvin & Orton 2009), and likewise for the various contributions in the volume edited by Salais and Villeneuve (Salais & Villeneuve 2004).

## Conclusion

In this paper I have suggested that the CA can serve a useful purpose for social policy analysis. Some contributions already make use of the CA's terminology for assessing policies in terms of their effects on the functionings or capabilities of individuals. While this approach certainly has its merits and potential, I argued that it also comes with a number of possible pitfalls, such as the sometimes arbitrary (and confusing) use of the capability terminology, which does not always add much value to the analysis, especially if the researcher shuns difficult to operationalise concepts such as capabilities and resorts to measuring commodities or functionings alone. A further problem is the tendency to portray the five building blocks of the CA as justification for the normative selection of capabilities, whereas the definition of valuable capabilities and functionings always needs to rely on CA-external reasoning.

Notwithstanding the fact that the selection of valuable capabilities requires a CA-external normative foundation, I suggested that the CA nevertheless comprises an implicitly normative position, which however applies less to the definition of valuable *outcomes* such as capabilities or functionings, but rather to qualify policy *outputs*.

I tried to show that the building blocks of the CA, with their crucial distinctions between commodities and capabilities on the one hand, and between capabilities and functionings on the other, put much emphasis on human diversity, i.e. the diversity of needs and plurality of choices. This emphasis can serve as the starting point for an analysis of policy *outputs*, focussing especially on the concepts of individualisation and diversity.

Investigating outputs in this way may furthermore be an inspiration for addressing the dependent variable problem, directing the attention away from the measurement of averages and common regulations, and more towards questions such as how diverse needs and risks are being addressed by social policies, with their inherent need of standardisation through categorisation.

In this way, I deem the CA a concept *especially* useful for the analysis of mature welfare states, although it was developed with economically developing countries in mind. The question of the individualisation of policies and programmes becomes more relevant particularly in countries in which social policy programmes and spending have become bigger, as they take on an ever more important role for the regulation of advanced capitalist economies.

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<sup>1</sup> Earlier versions of this paper were presented at the 2010 ESPAnet conference (Urbino) and the 2010 SPA conference (Edinburgh), and greatly benefited from the comments made. I would especially like to thank Rod Hick and Martin Pullinger for valuable comments. All remaining errors are the sole responsibility of the author.

<sup>2</sup> If conversion factors are the place in the CA to take into account all kinds of structural factors which lead to the development or the deprivation of capabilities (or functionings), this is also the place to locate the mechanisms which either alleviate or produce social inequalities. This is at odds with the interpretation of Dean (2009), who argues that the CA is structurally not able to conceptualise the production of inequalities in capitalism. He critiques the CA for not being able to address the exploitative power relations of capitalism and identifies the normative content of a number of CA-applications (admittedly important ones, e.g. by Sen and Nussbaum) to be the restatement of the liberal ideal. While the CA is indeed being used to analyse outcomes on an individual level, Dean's interpretation can however be rejected as this by no means obliges the researcher to remain confined to abstract concepts of the individual (as an "abstract bearer of freedoms", Dean 2009, p.273). Otherwise, the CA would hardly have proven attractive for researchers interested in analysing gender inequalities (which couldn't be explained without going beyond a liberal abstraction of humans).

<sup>3</sup> A notable exception is the work from Hobson et al. (2008), who focus on aspirations such as preferred working time and contrast this with factual working times.

<sup>4</sup> The discussion of adaptive preference formation often remains very abstract in the context of the CA. With reference to the habitus-concept as developed by Bourdieu, one could argue that all preferences are adjusted to the respective social context. This, however, would require a more elaborate theory of agency than provided by the CA. See also the critique of Zimmermann (2006), who points out the underdeveloped conception of agency in Sen's work.

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<sup>5</sup> Sen, in his recent book, argues against an egalitarian standard (Sen 2009, p.295 f.). His position is not very convincing, however, as he rejects equality of capabilities by arguing that equality of a predefined functioning (in this case, a certain age threshold) would lead to un-equal treatment of patients (depending on their ageing prospects). Sen therefore rejects a certain type of equality by implicitly arguing for another type of equality (i.e. equal rights to get the best treatment). This discussion points again to the crucial process of defining valuable capabilities / functionings.

<sup>6</sup> Sen argues for the importance of public (democratic) deliberation for arriving at the capabilities which should be promoted in a society. Given that he himself considers the opportunity to participate in the democratic process a valuable capability, one could question whether this proposal for defining valuable capabilities is not paradoxical, and how this should happen in an undemocratic (or postdemocratic) society. Sen's call for public deliberation does not take into account that democracies do not automatically counteract durable inequalities, or promote capabilities for all its members (Dean 2009, p.270). If the CA should potentially be of use to expose the lack of opportunities for democratic participation, is it wise to take (imperfect!) democratic deliberation as the decider on what needs to be changed? Gasper correctly notes that "one of the approach's relatively empty boxes is called democracy" (Gasper 2007, p.344).

<sup>7</sup> The question of individualised employment services is taken up explicitly in a 2007 book titled "Making it personal : individualising activation services in the EU" (Berkel & Valkenburg 2007)

<sup>8</sup> The sole focus on the content and reciprocity requirement is especially marked where research focuses on the question of "workfare" (e.g. Peck & Theodore 2000; Lødemel & Trickey 2000), often without addressing the question of the adequacy of public employment for various target groups, as opposed to other strategies (e.g. approaches focussing on training and qualification, etc.)

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